

STATE BUDGET AND CONTROL BOARD

MEETING OF June 17, 2008

BLUE AGENDA

ITEM NUMBER 9

AGENCY: Division of Insurance and Grant Services

SUBJECT: Radioactive Waste Disposal Rates and Administrative Surcharge

In accordance with Section 48-46-40(A)(6)(a), South Carolina Code of Laws, the Barnwell disposal facility is limited to acceptance of waste from the Atlantic Compact region beginning July 1, 2008.

Under Section 48-46-40(A), South Carolina Code of Laws, the Board shall approve rate schedules for disposal of radioactive waste at the Barnwell site each fiscal year. For Fiscal Year 2009, we propose the attached schedule for disposal of waste from Atlantic Compact customers (Attachment A). This rate schedule is intended to ensure that disposal revenues are adequate to cover all facility operating costs and obligations for Fiscal Year 2009.

Subsection 48-46-60(B), South Carolina Code of Laws (Attachment B), requires that costs associated with executing responsibilities for radioactive waste disposal be reimbursed through imposition of a "surcharge per unit of waste received" at the Barnwell site. The Board is asked to direct the disposal site operator to remit to the Board on a monthly basis funds equivalent to \$35 per cubic foot of waste received for disposal, up to a maximum of \$360,000.

BOARD ACTION REQUESTED:

(1) Approve the rate schedule for disposal of Atlantic Compact waste, and (2) Direct the disposal site operator to remit to the Budget and Control Board on a monthly basis during Fiscal Year 2009, \$35 per cubic foot on waste received for disposal, up to a maximum of \$360,000.

ATTACHMENTS:

Agenda item worksheet; Rate Schedule for Disposal of Atlantic Compact Waste, FY2009; Provisions of state law applicable to disposal rate schedules and administrative surcharges

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for June 17, 2008

Blue Agenda

1. Submitted by:

- (a) Agency: Budget and Control Board
Division of Insurance and Grant Services
- (b) Authorized Official Signature:

Thomas Lucht, Division Director

2. Subject: Radioactive Waste Disposal Rates and Administrative Surcharge

3. Summary Background Information:

In accordance with Section 48-46-40(A)(6)(a), South Carolina Code of Laws, the Barnwell disposal facility is limited to acceptance of waste from the Atlantic Compact region beginning July 1, 2008.

Under Section 48-46-40(A), South Carolina Code of Laws, the Board shall approve rate schedules for disposal of radioactive waste at the Barnwell site each fiscal year. For Fiscal Year 2009, we propose the attached schedule for disposal of waste from Atlantic Compact customers (Attachment A). This rate schedule is intended to ensure that disposal revenues are adequate to cover all facility operating costs and obligations for Fiscal Year 2009.

Subsection 48-46-60(B), South Carolina Code of Laws (Attachment B), requires that costs associated with executing responsibilities for radioactive waste disposal be reimbursed through imposition of a "surcharge per unit of waste received" at the Barnwell site. The Board is asked to direct the disposal site operator to remit to the Board on a monthly basis funds equivalent to \$35 per cubic foot of waste received for disposal, up to a maximum of \$360,000.

4. What is Board asked to do? (1) Approve the rate schedule for disposal of Atlantic Compact waste, and (2) Direct the disposal site operator to remit to the Budget and Control Board on a monthly basis during Fiscal Year 2009, \$35 per cubic foot on waste received for disposal, up to a maximum of \$360,000.

5. What is recommendation of Board Division involved? (1) Approve the rate schedule for disposal of Atlantic Compact waste, and (2) Direct the disposal site operator to remit to the Budget and Control Board on a monthly basis during Fiscal Year 2009, \$35 per cubic foot on waste received for disposal, up to a maximum of \$360,000.

6. Recommendation of other Division/Agency (as required)?

- (a) Authorized Signature: _____
- (b) Division/Agency Name: _____

7. List of Supporting Documents:

- a. Rate Schedule for Disposal of Atlantic Compact Waste, FY2009
- b. Provisions of state law applicable to disposal rate schedules and administrative surcharges

Documents Available But Not Attached:

**Draft Atlantic Compact Regional Waste
Alternative Rate Schedule for Fiscal Year 2009**

Effective July 1, 2008

Option A Pricing (applicable to Generators who do not elect Option B Pricing)

For all waste up to 100 cubic feet, other than Irradiated Hardware, Large Components, and Sealed Sources (applicable waste):

Class A waste:	\$297 per cubic foot
Class B waste:	\$415 per cubic foot
Class C waste:	\$445 per cubic foot

Atlantic Compact Surcharge: \$6.00 per cubic foot

For all applicable waste in excess of 100 cubic feet: Use Maximum Uniform Rate Schedule

For Irradiated Hardware, Large Components, and Sealed Sources: Use Maximum Uniform Rate Schedule

Option B Pricing (at Generator's election*)

For all applicable waste that does not exceed by 20% the Volume Projection provided by the Generator:

Class A waste:	\$297 per cubic foot
Class B waste:	\$415 per cubic foot
Class C waste:	\$445 per cubic foot

Atlantic Compact surcharge: \$6.00 per cubic foot

For any applicable waste that exceeds the Volume Projection by 20%: Use Maximum Uniform Rate Schedule.

If actual volume received for disposal is less than the Volume Projection: \$297 per cubic foot for the difference between the projection and the actual volume received.

Irradiated Hardware and High Dose Shipments (See Note B): Pricing will be calculated on a case-by-case basis in an amount sufficient to cover all additional operating costs incurred by the site operator to dispose of the waste.

Steam Generators and Other Large Components (See Note C): Pricing will be calculated on a case-by-case basis in an amount sufficient to cover all additional operating costs incurred by the site operator to dispose of the waste.

Sealed sources: Not eligible for Option B pricing. Use Maximum Uniform Rate Schedule.

*A generator may elect Option B pricing if they meet the following criteria:

- Provide the disposal site operator by July 1, 2008 a firm projection of the volume of applicable waste to be shipped for disposal during the fiscal year, excluding irradiated hardware, large components, and any waste registered in Fiscal Years 2007 and 2008 under the "Volume Hold" program.
- Enter into a binding agreement with the disposal site operator by July 1, 2008, that describes the commitments that the disposal site operator and the Generator have agreed to that will address any shortfall in operating revenues and

obligations. These commitments may include supplemental fees and charges that are in addition to the rates described herein, if both the disposal site operator and the generator agree to such charges and if such charges are necessary in order to cover all operating costs and obligations. The binding commitments shall preclude the need [as described in 48-46-40(D)(2), South Carolina Code of Laws] to withdraw funds from the Barnwell Extended Care Fund to cover shortfalls in the event that overall disposal revenues are not adequate to cover operating costs and obligations. To be eligible for Option B pricing, a waste generator must submit a copy of such binding agreement to the South Carolina Energy Office not later than close of business, July 1, 2008.

NOTES:

- A. Surcharges for the extended care fund and decommissioning trust fund are included in the disposal rates.
- B. Irradiated hardware and high dose shipments: As a general rule, case-by-case billing as irradiated hardware pertains to shipments of exceptionally high activity that require clearing of the site and special off-loading into a slit trench. These generally include CNS3-55, TN-RAM, and other horizontally offloaded cask shipments. In addition to items of irradiated hardware, if a shipment requires substantial special handling, due to exceptionally high package surface doses, additional surcharges may be authorized by Board staff in an amount that will reimburse the site operator for costs that have not been budgeted.
- C. Large components: Pricing will be calculated on a case-by-case basis in an amount sufficient to cover all additional operating costs incurred by the site operator to dispose of the waste. Large components include steam generators, reactor pressure vessels, reactor coolant pumps, or items that require construction of special-sized disposal vaults. Large components also include items that may fit into the standard sized vault, but fit so inefficiently due to their shape and geometry that it is less costly to build a specially sized vault.

Because the disposal of large components is rare and is not considered as a factor in planning and budgeting for site operations, a reasonable supplemental service fee may be authorized by Board staff to cover the disposal site operator's costs for planning, consultation, feasibility studies, cost estimating, regulatory consultation, and other necessary costs that have not been budgeted and accounted for as operating costs for the fiscal year. This supplemental service fee is applicable whether or not the generator ultimately commits to disposal of the large component(s), and whether or not the waste is eventually disposed at the Barnwell site.

Because the operating costs for disposal of large components may be significantly affected by the number of such components and the schedule for delivery, generators are strongly encouraged to coordinate their plans for shipment of large components to Barnwell in order to reduce unit costs through better economies of scale. Early in project planning, shippers are encouraged to consult with the disposal site operator on designs and configurations that may reduce handling and offloading costs at the disposal site.

- D. Transport vehicles with additional shielding features may be subject to an additional handling fee which will be provided upon request.
- E. In certain circumstances, the disposal site operator may assess additional charges for necessary services that are not part of and are additional to disposal rates established by the State of South Carolina. These include decontamination services and special services as described in the Barnwell Site Disposal Criteria.
- F. The disposal site operator has established the following policies and procedures which are provided herein for informational purposes:
 - i. Terms of payment are net 30 days upon presentation of invoices. A per-month service charge of one and one-half percent (1½%) shall be levied on accounts not paid within thirty (30) days.
 - ii. Company purchase orders or a written letter of authorization and substance acceptable to CNS shall be received before receipt of radioactive waste material at the Barnwell Site and shall refer to CNS Radioactive Material License, the Barnwell Site Disposal Criteria and subsequent changes thereto.
 - iii. All shipments shall receive a CNS shipment identification number and conform to the Prior Notification Plan.

Provisions of South Carolina Code of Laws Pertaining to the Establishment of Radioactive Waste Disposal Rate Schedules for Atlantic Compact Waste

Section 48-46-40. (A)(1) The board shall approve disposal rates for low-level radioactive waste disposed at any regional disposal facility located within the State. The approval of disposal rates pursuant to this Chapter is neither a regulation nor the promulgation of a regulation as those terms are specially used in Title 1, Chapter 23.

(2) The board shall adopt a maximum uniform rate schedule for regional generators containing disposal rates that include the administrative surcharges specified in Section 48-46-60(B) and surcharges for the extended custody and maintenance of the facility pursuant to Section 13-7-30(4) and that do not exceed the approximate disposal rates, excluding any access fees and including a specification of the methodology for calculating fees for large components, generally applicable to regional generators on September 7, 1999. Any disposal rates contained in a valid written agreement that were applicable to a regional generator on September 7, 1999, that differ from rates in the maximum uniform rate schedule will continue to be honored through the term of such agreement. The maximum uniform rate schedule approved under this section becomes effective immediately upon South Carolina's membership in the Atlantic Compact. The maximum uniform rate schedule shall be the rate schedule applicable to regional waste whenever it is not superseded by an adjusted rate approved by the board pursuant to paragraph (3) of this subsection or by special disposal rates approved pursuant to paragraphs (5) or 6(e) of this subsection.

(3) The board may at any time of its own initiative, at the request of a site operator, or at the request of the compact commission, adjust the disposal rate or the relative proportions of the individual components that constitute the overall rate schedule. Except as adjusted for inflation in subsection (4), rates adjusted in accordance with this section, that include the administrative surcharges specified in Section 48-46-60(B) and surcharges for the extended custody and maintenance of the facility pursuant to Section 13-7-30(4), may not exceed initial disposal rates set by the board pursuant to subsection (2).

(4) In March of each year the board shall adjust the rate schedule based on the most recent changes in the most nearly applicable Producer Price Index published by the Bureau of Labor Statistics as chosen by the board, or a successor index.

(5) In consultation with the site operator, the board or its designee, on a case-by-case basis, may approve special disposal rates for regional waste that differ from the disposal rate schedule for regional generators set by the board pursuant to subsections (2) and (3). Requests by the site operator for such approval shall be in writing to the board. In approving such special rates, the board or its designee, shall consider available disposal capacity, demand for disposal capacity, the characteristics of the waste, the potential for generating revenue for the State or other relevant factors; provided, however, that the board shall not approve any special rate for an entity owned by or affiliated with the site operator. Special disposal rates approved by the board under this subsection shall be in writing and shall be kept confidential as proprietary business information for one year from the date when the bid or the request for proposal containing the special rate is accepted by the regional generator; provided, however, that such special rates when accepted by a regional generator shall be disclosed to the compact commission and to all other regional generators, which shall, to the extent permitted by applicable law, keep them confidential as proprietary business information for one year from the date when the bid or request for proposal containing this special rate is accepted by the regional generator. Within one business day of a special disposal rate's acceptance, the site operator shall notify the board, the compact commission, and the regional generators of each special rate that has been accepted by a regional generator, and the board, the

compact commission, and regional generators may communicate with each other about such special rates. If any special rate approved by the board for a regional generator is lower than a disposal rate approved by the board for regional generators pursuant to subsections (2) and (3) for waste that is generally similar in characteristics and volume, the disposal rate for all regional generators shall be revised to equal the special rate for the regional generator. Regional generators may enter into contracts for waste disposal at such special rates and on comparable terms for a period of not less than six months. An officer of the site operator shall certify in writing to the board and the compact commission each month that no regional generator's disposal rate exceeds any other regional generator's special rate for waste that is generally similar in characteristics and volume, and such certification shall be subject to periodic audit by the board and the compact commission.

Section 48-46-70, S.C.C. (Article V.f., Atlantic Compact statute).

“1. Fees and surcharges shall be imposed equitably upon all users of a regional facility, based upon criteria established by the Commission.

A host state shall, according to its lawful administrative procedures, approve fee schedules to be charged to all users of the regional facility within its borders. Except as provided herein, such fee schedules shall be established by the operator of a regional facility, under applicable state regulations, and shall be reasonable and sufficient to cover all costs related to the development, operation, closure, post-closure observation and maintenance, [and] institutional control of the regional facility. The host state shall determine a schedule for contributions to the post-closure observation and maintenance, and institutional control funds. Such fee schedules shall not be approved unless the Commission has been given reasonable opportunity to review and make recommendations on the proposed fee schedules.”

Provisions of South Carolina Code of Laws Pertaining to Administrative Surcharges

48-46-40(B), South Carolina Code of Laws:

“The board, the State Treasurer, and the PSC shall provide the required staff and may add additional permanent or temporary staff or contract for services, as well as provide for operating expenses, if necessary, to administer new responsibilities assigned under this chapter. In accordance with Article V.f.2. of the Atlantic Compact the compensation, costs, and expenses incurred incident to administering these responsibilities may be paid through a surcharge on waste disposed at regional disposal facilities within the State. To cover these costs the board shall impose a surcharge per unit of waste received at any regional disposal facility located within the State. A site operator shall collect and remit these fees to the board in accordance with the board's directions. All such surcharges shall be included within the disposal rates set by the board pursuant to Section 48-46-40.”